

Message Text

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16

ACTION ARA-10

INFO OCT-01 ISO-00 SAB-01 CIAE-00 DODE-00 PM-03 H-02

INR-07 L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15

USIA-06 EB-07 AGR-05 STR-04 OMB-01 COME-00 TRSE-00

/074 W

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R 302125Z JUL 75

FM AMEMBASSY MANAGUA

TO SECSTATE WASHDC 7599

AMEMBASSY PANAMA

AMEMBASSY CARACAS

INFO AMEMBASSY GUATEMALA

AMEMBASSY SAN JOSE

AMEMBASSY SAN SALVADOR

AMEMBASSY TEGUCIGALPA

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GUATEMALA FOR ROCAP

REF: A. PANAMA 4549; B. MANAGUA 1986

1. BANCO DE AMERICA EXECUTIVE DIRECTOR ERNESTO FERNANDEZ HOLMANN TOLD EMBOFF JULY 29 THAT PANAMANIAN MINISTER OF COMMERCE MANFREDO HAD SURPRISED HIM BY RESPONDING ENTHUSIASTICALLY TO FERNANDEZ' PLAN TO ESTABLISH A CENTRAL AMERICAN CONSORTIUM TO PARTICIPATE IN UNITED BRAND'S TROPICAL PRODUCT MARKETING OPERATIONS. ACCORDING TO FERNANDEZ, LAST WEEK MANFREDO EXPRESSED AN URGENT WISH TO DISCUSS THE MATTER WITH HIM EITHER HERE OR IN PANAMA. FERNANDEZ SAID HE HAS HEARD OF UPEB PROPOSAL (REF A) , BUT THINKS IT OBSCURES VIEW OF LARGER OPPORTUNITIES INHERENT IN HIS PROPOSAL.

2. QUERIED ABOUT OTHER DEVELOPMENTS IN HIS PROPOSAL, FERNANDEZ SAID THAT HIS CANVASSING THUS FAR HAD CONVINCED HIM THAT THE
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PURCHASE IN TOTO OF THE UB MARKETING OPERATION WAS UNFEASIBLE

BOTH FROM THE FINANCING STANDPOINT AND THE ATTRACTIVENESS OF THE PROPOSAL TO UB. A JOINT VENTURE WITH SIGNIFICANT CENTRAL AMERICAN EQUITY SENXED TO BE THE OPTIMUM GOAL UNDER THESE CIRCUMSTANCES. FERNANDEZ HOPES TO INTEREST INCAE (HARVARD BUSINESS SCHOOL-AFFILIATED CENTRAL AMERICAN INSTITUTE OF BUSINESS ADMINISTRATION LOCATED IN MANAGUA) IN FOLLOWING UP ON THE IDEA AND HAS ARRANGED A CONFERENCE ON THE TOPIC AT INCAE FOR MID-AUGUST. ALWAYS HAVING CONSIDERED HIS ROLE AS ONE OF THE GADFLY, FERNANDEZ SAID THAT INCAE INVOLVEMENT WAS ESSENTIAL AT THIS STAGE SINCE HE HAD NEITHER THE TIME NOR PERSONAL RESOURCES TO GO MUCH FURTHER.

3. EMBASSY UNDERSTANDS THAT FERNANDEZ BROACHED FINANCING ASPECTS OF PLAN WITH PRESIDENT OF VENEZUELAN INVESTMENT FUND DURING HIS VISIT TO MANAGUA SEVERAL WEEKS AGO. WITNESSES SAY THAT HE REACTED QUITE POSITIVELY TO PROPOSAL. HOWEVER, VENE--ZUELAN AMBASSADOR, WHILE ACKNOWLEDGING THAT VENEZUELA WAS FAVORABLY DISPOSED TOWARD SCHEME IN PRINCIPLE, IN DISCUSSION WITH EMBOFF ECHOED DOUBTS EXPRESSED IN CARACAS 5417, WONDERING HOW HELPFUL HIS COUNTRY COULD BE UNDER CIRCUMSTANCES.

4. WE APPRECIATED RESPONSES TO REF. B BY DEPT., EMBASSIES PANAMA, GUATEMALA, CARACAS, AND ESPECIALLY THOUGHTFUL ANALYSIS BY ROCAP. WE HAVE CONVEYED THE GIST OF THE COMMENTS TO FERNANDEZ HOLMANN.
SHELTON

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: GOVERNMENT PROCUREMENT, FOREIGN MARKETS, PROPOSALS (BID), CONSORTIUMS
Control Number: n/a
Copy: SINGLE
Draft Date: 30 JUL 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: GolinoFR
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975MANAGU02955
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750263-1025
From: MANAGUA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t1975078/aaaaahko.tel
Line Count: 87
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION ARA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 75 PANAMA 4549, 75 MANAGUA 1986
Review Action: RELEASED, APPROVED
Review Authority: GolinoFR
Review Comment: n/a
Review Content Flags:
Review Date: 05 SEP 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <05 SEP 2003 by CunninFX>; APPROVED <26 NOV 2003 by GolinoFR>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: n/a
TAGS: ETRD, EINV, ECIN, NU, UNITED BRANDS, (HOLMANN, ERNESTO FERNANDEZ)
To: STATE CARACAS
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006